



Date: February 7, 2012

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Interim Director
Department of Community Development
Subject: Adoption of City of Durham Section 3 Plan

Executive Summary

Section 3 is a provision of the Housing and Urban Development Act of 1968. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulation, be directed to low and very low income persons, particularly those who are recipients of government assistance for housing, and to business concerns who provide economic opportunities to low and very low income persons.

As recommended by HUD and the Neighborhood Stabilization Program staff and as the lead agency, the Department of Community Development has created a Section 3 plan for City Council consideration and adoption. The plan will identify the applicability of provisions 24 CFR Part 135 objectives and actions that will be implemented to ensure the requirements of Section 3. Under the City of Durham plan, Section 3 applies to direct financial assistance awarded, provided, or otherwise made available under any program administered by HUD, in the form of loans and grants (including Community Development block Grants) cooperative agreements, subsidies, or other types of financial assistance provided in aid of housing, urban planning, development, redevelopment or general public or community facilities, and public improvement construction projects.

Recommendation

The Department of Community Development recommends that City Council adopt the City of Durham Section 3 plan.

Background

On September 22, 2011 the Department of Community Development updated the City Council on the revitalization of the Southside community which included an update on the City of Durham's Section 3 plan. HUD, along with the Neighborhood Stabilization Program staff has recommended that the plan be adopted by City Council.

All recipients who receive more than \$200,000.00 from federally funded housing and community development programs are required to have a Section 3 plan. All contractors or subcontractors that receive federally funded contracts that exceed \$100,000.00 are required to comply with the City of Durham Section 3 plan. For example, if a contractor or subcontractor has the need to hire new

persons to complete the Section 3 covered contract or needs to subcontract portions of the work to another business, they are required to direct their newly created employment to Section 3 residents. Section 3 residents are defined as persons who live in the service area where a HUD-assisted project is located and who have a household income that falls below HUD's income limits which is defined as 80% or below of the area median income. For the City of Durham, the city limits are defined as the Section 3 service area.

Issues/Analysis

In an effort to provide better oversight and to create a Section 3 plan for the Southside revitalization, Community Development working with the Office of Economic and Workforce Development hired a Section 3 Coordinator for a period of six months. The individual will provide outreach to the community, especially Southside and create a database of Section 3 residents. If and when opportunities arise for employment in the Southside community, contractors will be required to access the Section 3 database to see if qualified individuals exist within the database. The City of Durham Section 3 plan also provides the recipient, subrecipient and/or contractor guidance on meeting Section 3 requirements.

Alternatives

The Section 3 plan is a requirement by the Department of Housing and Urban Development, so no alternative exists.

Financial Impact

The Section 3 plan will have no fiscal impact on the City.

SDBE Summary

Due to the nature of the agenda item, there are no SDBE requirements.